

## Department of Emergency and Military Affairs

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 BASELINE
<b>PROGRAM BUDGET</b>			
Administration	4,118,500	1,909,200	1,909,200
Emergency Management	3,815,900	7,654,100	7,692,600
Military Affairs	1,663,400	1,539,400	1,539,400
<b>AGENCY TOTAL</b>	<b>9,597,800</b>	<b>11,102,700</b>	<b>11,141,200</b>
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	68.6	69.6	69.6
Personal Services	1,453,300	1,492,000	1,492,000
Employee Related Expenditures	553,600	557,600	557,600
Professional and Outside Services	94,000	20,000	20,000
Travel - In State	83,300	84,900	84,900
Travel - Out of State	25,500	40,300	40,300
Other Operating Expenditures	1,748,500	1,810,900	1,810,900
Equipment	117,000	80,200	80,200
<b>OPERATING SUBTOTAL</b>	<b>4,075,200</b>	<b>4,085,900</b>	<b>4,085,900</b>
<b>SPECIAL LINE ITEMS</b>			
Governor's Emergency Fund	1,592,700	4,000,000	4,000,000
Emergency Management Matching Funds	0	1,540,900	1,540,900
Nuclear Emergency Management Fund	1,373,600	1,385,900	1,424,400
Military Airport Planning	2,556,300	90,000	90,000
<b>AGENCY TOTAL</b>	<b>9,597,800</b>	<b>11,102,700</b>	<b>11,141,200</b>
<b>FUND SOURCES</b>			
General Fund	9,469,300	11,102,700	11,141,200
<u>Other Appropriated Funds</u>			
Emergency Response Fund	128,500	0	0
SUBTOTAL - Other Appropriated Funds	128,500	0	0
<b>SUBTOTAL - Appropriated Funds</b>	<b>9,597,800</b>	<b>11,102,700</b>	<b>11,141,200</b>
Other Non-Appropriated Funds	226,100	110,000	110,000
Federal Funds	58,684,700	68,381,800	52,436,300
<b>TOTAL - ALL SOURCES</b>	<b>68,508,600</b>	<b>79,594,500</b>	<b>63,687,500</b>

**AGENCY DESCRIPTION** — The department's Emergency Management Program prepares and coordinates emergency response plans for the state. The Military Affairs Program operates the Arizona National Guard and the Military Installation Fund Program.

### Operating Budget

The Baseline includes \$4,085,900 and 63.1 FTE Positions from the General Fund in FY 2017 for the operating budget. These amounts are unchanged from FY 2016.

Under A.R.S. § 35-192, the Governor may, through emergency declarations, authorize up to \$4,000,000 annually from the General Fund for disaster prevention and mitigation without specific appropriation authority. Monies in this line item, therefore, are not included in the General Appropriation Act.

### Governor's Emergency Fund

The Baseline includes \$4,000,000 from the General Fund in FY 2017 for the Governor's Emergency Fund. This amount is unchanged from FY 2016.

### **Emergency Management Matching Funds**

The Baseline includes \$1,540,900 from the General Fund in FY 2017 for matching funds. This amount is unchanged from FY 2016.

Monies in this line item provide funding for the required 1:1 match for the Federal Emergency Management Performance Grant (EMPG) not covered with existing DEMA resources. EMPG monies are allocated to DEMA who then either expends them or passes monies on to other state, county, and municipal agencies to help provide planning, training, and other preparation for natural hazards and emergencies. In FY 2016, DEMA estimates expending \$7,004,500 in EMPG funds.

DEMA anticipates utilizing the \$1,540,900 General Fund appropriation from this line item, \$633,200 in General Fund monies from the Nuclear Emergency Management Fund line item, and \$727,300 in General Fund monies from the operating budget, or a total of \$2,901,400, as a match towards their share of the EMPG. As a result, DEMA will retain \$2,901,400 in EMPG monies for DEMA-specific expenditures.

The remaining \$4,103,100 in federal EMPG monies will be awarded to counties, tribes, and possibly municipalities for their emergency preparedness programs. These funds will require a match from local fund sources prior to expenditure.

### **Nuclear Emergency Management Fund**

The Baseline includes \$1,424,377 and 5.5 FTE Positions from the General Fund in FY 2017 for the Nuclear Emergency Management Fund (NEMF). FY 2017 adjustments would be as follows:

<b>NEMF Increase</b>	<b>GF</b>	<b>FY 2017 \$38,500</b>
The Baseline includes an increase of \$38,500 from the General Fund in FY 2017 for the NEMF Special Line Item.		

Laws 2015, Chapter 132 appropriated \$1,385,913 and 5.5 FTE Positions from the General Fund in FY 2016 for the NEMF Special Line Item and \$1,424,377 and 5.5 FTE Positions in FY 2017. As a result, these monies do not appear in the General Appropriation Act. The Radiation Regulatory Agency, Department of Emergency and Military Affairs, and Department of Agriculture receive monies from this bill. *(Please see the Department of Agriculture and Radiation Regulatory Agency narratives for more information.)*

The Legislature is required to biennially assess a fee against each group of public service and municipal corporations operating the Palo Verde Nuclear Generating Station. The fee is set at a level to offset the General Fund appropriation to the NEMF.

Monies in the NEMF are used for the development and maintenance of a state plan for off-site responses to an emergency caused by an accident at a commercial nuclear generating station. NEMF monies are also used to provide for the equipment, personnel, facilities, training, and testing necessary to comply with federally prescribed criteria.

Monies appropriated to the NEMF are exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations, except that monies left unexpended or unencumbered at the end of the fiscal year shall be used to offset the next year's assessment and appropriation.

### **Military Airport Planning**

The Baseline includes \$90,000 and 1 FTE Position from the General Fund in FY 2017 for Military Airport Planning. These amounts are unchanged from FY 2016.

At the June 18, 2015 meeting of the Joint Committee on Capital Review, DEMA received a favorable review of their proposed plan to expend \$4,700,000 from the Military Installation Fund to purchase or improve lands near Luke Air Force Base, Fort Huachuca, Davis-Monthan Air Force Base, and other areas in Pima County and Yuma. Of this amount, DEMA has expended \$1,647,900 through the end of FY 2015 leaving a FY 2015 year-end fund balance of \$5,988,500. DEMA is currently accepting applications for the \$2,936,400 in unencumbered monies remaining in the fund.

Prior to receiving a one-time deposit of \$2,500,000 in FY 2015, the Military Installation Fund had received no General Fund appropriation since FY 2011. The FY 2012 General Government Budget Reconciliation Bill (BRB) eliminated the annual \$4,825,000 General Fund deposit into the Military Installation Fund in statute. A.R.S. § 26-263 retained the annual \$90,000 and 1 FTE Position administrative appropriation to the department and an annual \$85,000 appropriation to the Attorney General. Since these monies are appropriated in statute, they do not appear in the General Appropriation Act.

Of the monies deposited into the Military Installation Fund, DEMA is required to award 80% to acquire private property, real estate, property rights, and related infrastructure. The remaining 20% is awarded to cities, towns, and counties. The purchasing entity — whether it

is the state or a local government — owns the property and state properties are managed by DEMA. Currently, DEMA only awards funding for preservation and enhancement projects, and not land acquisition, to local governments.

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**FORMAT** — Lump Sum by Program with Special Line Items by Agency

## FOOTNOTES

### Standard Footnotes

The Department of Emergency and Military Affairs appropriation includes \$215,000 for service contracts. This amount is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations, except that all FY 2017 monies remaining unexpended and unencumbered on December 31, 2017 revert to the state General Fund.

### Other Issues

#### National Guard State Match

The state provides funding to DEMA that serves as a match to federal grants for the operational and maintenance costs associated with National Guard facilities. The grants have a matching requirement of 5-50%. In FY 2015, DEMA received \$4,257,300 that required an average match of 23.8% match, or \$1,328,800. To meet this matching requirement in FY 2015, DEMA utilized \$686,500 of their \$1,215,000 General Fund state match appropriation which is included in the Military Affairs appropriation, \$426,600 in additional General Fund monies from the Military Affairs appropriation, and \$215,700 from the General Fund Administration appropriation.

The FY 2016 budget included an Executive proposal to shift \$1,000,000 from the General Fund to the non-appropriated Camp Navajo Fund for DEMA's National Guard state match appropriation. Camp Navajo Fund revenues are derived from fees that DEMA assesses on federal and federally-sponsored entities that store munitions and supplies at the Camp Navajo National Guard installation. In FY 2015, entities that stored materials at Camp Navajo included the U.S. Air Force, U.S. Navy, Royal Air Force (United Kingdom), Singapore Peace Vanguard, and other Department of Defense sponsored entities.

Subsequent to the passing of the budget, DEMA reported that Camp Navajo Fund monies were not an allowable source of matching monies due to the revenues deposited into the fund being federal monies.

DEMA is estimating their FY 2016 match need will be \$1,720,000. DEMA has retained \$528,300 from their FY 2015 state match appropriation in addition to the \$215,000 FY 2016 state match appropriation and \$230,000 in vacancy savings from the Military Affairs appropriation for total available resources of \$973,300. As a result of the inability of DEMA to utilize Camp Navajo Fund monies as a match and having only \$973,300 to provide as a match, it is projected that DEMA will have a state match shortfall of \$(746,700) in FY 2016.

In FY 2017, DEMA is projecting a state match need of \$1,700,000. The operating budget includes \$215,000 for matching monies. This will result in an additional funding need of \$1,485,000 in FY 2017 due to the exhaustion of prior year's state match appropriations and the elimination of one-time vacancy savings.

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
<b>Camp Navajo Fund (MAA2106/A.R.S. § 26-152)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal fees for storage and use of Camp Navajo, a munitions storage depot and National Guard training site.		
<b>Purpose of Fund:</b> To operate and maintain the Camp Navajo National Guard training and storage facility and for the operation and maintenance of National Guard facilities in Arizona. Laws 2015, Chapter 12 and Laws 2015, Chapter 208 expanded the allowable expenditures of Camp Navajo Fund monies to include the operation and maintenance of National Guard facilities after all budgeted costs for Camp Navajo are met.		
<b>Funds Expended</b>	12,840,700	14,811,800
<b>Year-End Fund Balance</b>	13,745,400	11,379,300

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
<b>Emergency Management Training Fund (MAA2087/A.R.S. § 26-305)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Emergency management course fees paid by private sector participants.		
<b>Purpose of Fund:</b> To pay for the costs of administering the emergency management course.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Emergency Response Fund (MAA3031/A.R.S. § 26-352)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> The fund receives 10% of the Department of Environmental Quality's Hazardous Waste Management Fund. Laws 2015, Chapter 208 shifted the administration of the fund in FY 2016 from DEMA to the Department of Environmental Quality.		
<b>Purpose of Fund:</b> To develop and administer a hazardous materials emergency management program, equip local emergency planning committees for the development of hazardous materials emergency response teams, and assist local agencies in providing adequate response to emergency situations.		
<b>Funds Expended</b>	128,500	0
<b>Year-End Fund Balance</b>	168,400	0
<b>Federal Funds - Emergency (MAA2000/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal program grants. Homeland Security funds received by Arizona after FY 2006 are reported in the Arizona Department of Homeland Security's budget.		
<b>Purpose of Fund:</b> To pay for the federal share of emergency planning, response and management programs.		
<b>Funds Expended</b>	6,534,600	21,866,900
<b>Year-End Fund Balance</b>	551,900	0
<b>Federal Funds - Military (MAA2000/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal service contracts for security, maintenance and operations of the National Guard.		
<b>Purpose of Fund:</b> To provide the federal share of costs for Army National Guard and Air National Guard positions, capital and operating expenses.		
<b>Funds Expended</b>	37,469,100	29,067,400
<b>Year-End Fund Balance</b>	1,044,100	844,600
<b>Freedom Academy Fund (MAA2104/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Governor's Office for Drug Policy and the Joint Counter Narcotics Task Force (federal Department of Justice, through the Department of Defense).		
<b>Purpose of Fund:</b> To provide middle and high school students with anti-drug and gang information. Student representatives throughout the state are invited to participate in the weekend programs at Camp Navajo.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	3,600	3,600
<b>Indirect Cost Recovery Fund (MAA9000/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal FEMA grants and Non-Appropriated Funds.		
<b>Purpose of Fund:</b> To pay administrative expenditures not directly attributable to any one program, but associated with Federal Grant and Non-Appropriated funds.		
<b>Funds Expended</b>	769,900	871,000
<b>Year-End Fund Balance</b>	574,800	696,500

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
<b>Interagency Service Agreement Fund (MAA2500/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Funds from federal grants.		
<b>Purpose of Fund:</b> Support of the agency's centralized personnel plan which allocates support staff costs to National Guard grants and the agency's mail distribution program in addition to agreements within and outside the agency.		
<b>Funds Expended</b>	1,070,400	1,764,700
<b>Year-End Fund Balance</b>	336,600	328,200
<b>Military Installation Fund (MAA1010/A.R.S. § 26-262)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> The FY 2012 Government Budget Reconciliation Bill (Laws 2011, Chapter 34) eliminated the statutory annual General Fund deposit of \$4,825,000 into the Military Installation Fund; the FY 2015 General Appropriation Act (Laws 2014, Chapter 18), however, provided a one-time deposit of \$2,500,000 into the fund. Currently, the fund's sole revenue source is the collection of interest from the balance in the fund. Expenditures from this fund are not displayed below to avoid double counting.		
<b>Purpose of Fund:</b> Grants for military installation preservation and enhancement projects as well as costs associated with administering the fund. DEMA must utilize 80% of the monies to acquire private property, real estate, property rights and related infrastructure to preserve, support, or enhance a military installation. Up to 20% of this amount may be awarded to cities, towns, and counties for land acquisition purposes. The remaining 20% is awarded to cities, towns, and counties for military installation preservation and enhancement projects. In addition, \$90,000 is appropriated to the department for the costs associated with 1 FTE Position to administer the fund.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	5,988,500	4,662,900
<b>Morale, Welfare and Recreational Fund (MAA2124/A.R.S. § 26-153)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> A portion of National Guard Member Special License Plate fees, funds generated from federally-defined recycling activities, monies from the disposal of unserviceable military property belonging to the state, or other non-state-appropriated monies.		
<b>Purpose of Fund:</b> To support morale, welfare, and recreational activities for guardsmen and non-state-employed support personnel.		
<b>Funds Expended</b>	17,500	10,000
<b>Year-End Fund Balance</b>	120,200	143,200
<b>National Guard Fund (MAA2140/A.R.S. § 26-152)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies appropriated to the fund by the Legislature and proceeds, deposited into a separate subaccount, from National Guard facilities that are utilized for commercial purposes. Prior to FY 2016, the fund received monies from the rental or use of armories only, however, Laws 2015, Chapter 208 expanded the property allowed to be utilized for commercial purposes to include all National Guard facilities.		
<b>Purpose of Fund:</b> For general operating expenses of the National Guard and maintenance and capital improvements to any National Guard facility.		
<b>Funds Expended</b>	208,600	100,000
<b>Year-End Fund Balance</b>	7,500	37,500
<b>National Guard Relief Fund (MAA2349/A.R.S. § 26-183 [repealed])</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies received from individual contributors who voluntarily donate through the state individual income tax return. Laws 2015, Chapter 208 eliminated the National Guard Relief Fund and the state individual income tax donation and transferred any remaining monies in the fund to the Department of Veterans' Services for distribution to a nonprofit organization that provides financial assistance to Arizona National Guard members and their families.		
<b>Purpose of Fund:</b> To provide assistance to families of National Guard members who are mobilized in support of a contingency operation or state emergency.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	1,321,100	1,321,100

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
<b>Nuclear Emergency Management Fund (MAA2138/A.R.S. § 26-306.02)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> An assessment levied against a consortium of corporations that operate the Palo Verde Nuclear Generating Station.		
<b>Purpose of Fund:</b> To administer and enforce the state plan for off-site response to an emergency caused by an accident at a commercial nuclear generating station. Expenditures from this fund are not displayed to avoid double counting of appropriated funds.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	5,200	5,200
<b>State Armory Property Fund (MAA2146/A.R.S. § 26-231)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Sale of surplus armory property.		
<b>Purpose of Fund:</b> For the construction and capital improvement of National Guard armories.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Statewide Donations Fund (MAA2025/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Gifts and donations from public and private entities.		
<b>Purpose of Fund:</b> Employee recognition programs or for the specified purpose for which they were donated.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	10,300	10,300